

MAYOR'S BUDGET MESSAGE FISCAL YEAR 2015 – 2016 CITY OF STAFFORD, TEXAS

**BY MAYOR LEONARD SCARCELLA
2 SEPTEMBER 2015**

This 2015 - 2016 budget is aggressive, but founded in sound judgment, and is practical. It is established on principles that have distinguished the City of Stafford and made it unique. It demonstrates to those who want us to be like all the other cities - gouging residents and businesses with high taxes and burying them under mountains of debt - that there is a better way. Not only have we found it and refined it, but we recently had our Congressman asking in a seriously questioning tone, "How can you do it?" It is not simple. It is not easy. But it is abundantly clear.

We begin with a zero property tax. It has been the strong moving force in elevating Stafford to exemplary heights over the past 20 years and is, far and away, what identifies this City. Add the corollary and companion features: an unwavering commitment to living within our means and endeavoring to eliminate debt. And what you have is our widely-acclaimed and heralded structure virtually unequalled in the state - if not indeed the country.

As a result of these responsible financial policies over the past two decades, the City will enter the fiscal year with balances of about \$8 million in the General Fund and \$4 million in the Municipal Sales Tax Fund. In spite of this, the initial proposal by staff for major expenditures in Public Works, emergency services, and Information Technology would have consumed all

but roughly a million of the \$12 million-dollar surplus. Or, stated more simply, \$30 million in spending was advocated while only \$19 million was to be generated. Obviously, to bring forward a budget of this nature would have been imprudent, and unacceptable. After intensive and collaborative discussions with department heads and adaptations suggested by them and utilization of innovative allocation of resources by the Finance Director, this budget is presented.

Before moving into the specifics, there are major components of the budget that demand addressing. First and foremost is the commitment to preserving the zero property tax rate. To pursue any course which would jeopardize the City's most prominent attribute would undermine the very fiber of this municipality's status and structure. Put bluntly, it would result in driving many of our citizens and prominent businesses out of the City - not to mention removing the strongest and most compelling magnet this City possesses for attracting residents and companies. And for those who naively argue it wouldn't hurt much, there is only one question: What could possibly take the place of the zero property tax with anywhere near the success? Unquestionably, there is none!

Spurring many of these suggested major outlays is the Comprehensive Development Plan, an upgrade of the visionary 1971 blueprint, which carves out Stafford's path through 2040, by prioritizing goals and projects with funding approaches. It must be emphasized that the final recommendations from the Planning and Zoning Commission (P&Z) are forthcoming. A healthy debate over the ultimate details of specifying and prioritizing projects with funding alternatives could well push formal adoption by City Council into this year's holiday season – or later. A critical fact that seems to have been lost on many is that the major enhancements addressed in the Plan are proposed

to be implemented over 25 years – not, as some seem to suggest, completed in 12 months.

Another influencing factor is the proposed development of the Texas Instruments property. Extraordinary budgetary outlays were initially included on the assumption there would be an explosion of activity that would trigger a significant increase in demand for a multitude of City services involving many more employees and much equipment. Currently it is primarily speculative and certainly with little assurances that would justify the City committing substantial outlays, thus, “betting on the come”. What does have material financial substance, and welcomed by many of our citizens and business owners, is the removal of commitments for tens of millions of dollars in “rebate incentives” demanded by the developers from the City. This would have siphoned off enormous revenues from the City on the developers’ dubious promise of “transforming Stafford”. After more than a year of negotiations, few have confidence in the developers’ assertion of transformation. Instead, nearly all firmly believed the developers’ proposal would result in a huge windfall for them, with only residual benefits to the City.

While there are a host of activity ideals we've conjured up, one that is inexplicable, and unfortunately growing, is funding programs that elevate youngsters from outside of our City - sadly to the deprivation of Stafford children. So blatant is it that it has been suggested that some of the banners we place along US 90A have a picture of Santa Claus signaling these non-resident youths to come here for everything from free education to highly-subsidized sports programs. Our neighboring cities concentrate on serving their youngsters – not everyone else's. The most amazing aspect is that some public officials appear far more interested in draining our resources to

provide opportunities to these outsiders than they are in elevating Stafford children.

Going full circle, there is one additional aspect that merits very close scrutiny: Stafford is in the epicenter of the oil patch. With 30 oil field valve-manufacturing companies in our town and numerous other businesses dependent upon a prevalent energy sector, the impact of the lowest oil prices in the last several years is having substantial effect. Despite this, during the current fiscal year with our strong and diverse economy, we have actually seen a spark in our economy and an increase of over 6% in our sales tax receipts.

The 2015 - 2016 budget for the City and the Stafford Economic Development Corporation (SEDC) will total almost \$31 million, which is about 20% greater than last year. Sales tax receipts of \$17 million, half of which will support the General Fund while the other half will be split between the Municipal Sales Tax Fund and the SEDC, are the predominant revenue source. Other major income streams are the Franchise Tax of \$1.8 million and the Hotel Occupancy Tax and Fines and Violations both tallying \$1.4 million each. The remainder is comprised of a myriad of other customary income items.

As always, personnel - including salaries, health care, life, dental, and disability insurance benefits, as well as retirement and numerous other amenities - comprises these prevalent expenditures for full-time employees. Add to those outlays an across-the-board 4% raise for all full-time employees, and the combined cost of this primary segment of City staffing is over \$13 million. Important additions in this category are three new police officers, one Information Technology supervisor, and a Street Department

employee. While a bloated bureaucracy is always a critical concern, these five positions are believed necessary to strengthen the City's services.

Increasing demand for Police Department services necessitates not only these three additional officers but also substantial equipment, consisting of two patrol motorcycles, four SUVs, two CID vehicles, a full outfitting for a K-9 interceptor package, and a host of crime-fighting apparatus. The total for police operations and equipment is \$7.25 million.

Always a companion component in emergency services is the Fire Department. A crew of 91 consists of full-time, duty crew, and volunteers. When supplemented by additional equipment and a revamped Fire Station No. 2, the cost reaches nearly \$2.4 million.

A service of elevating importance for protecting the City is that which is provided by the Fire Marshal. So extensive is the demand that another Fire Marshal, together with an appropriate vehicle, is being added. With this addition will come an accelerated inspection process. In this same category of public protection is the Humane Officer. City Council is currently awaiting an expanded animal control ordinance. Emphasis expressed by citizens and also by animal rights groups will influence this frequently-requested service. Further addressing this issue is preliminary funding for a study of an animal control facility in the City that could ultimately result in the City's moving from the excellent venue it shares with Missouri City, which is likely to reach its maximum capacity in the short term. Especially in today's world, we must always be mindful of Emergency Management efforts in view of potential hurricanes, flooding, and terrorist attacks. The cost of these functions will approach \$600,000.

The Public Works Department consisting of Streets, Parks, and Maintenance will be clearly reflected on our radar screen. As a result of the

Comprehensive Development Plan, numerous items have been raised for consideration of prioritizing and funding over the next 25 years. In the immediate term are projects that will address drainage and flood control in Vaccaro Manor, Missouri City Estates, Sugar Creek, and Willow Waterhole; signalization at the intersection of Kirkwood and Greenbriar; completion of Brand Lane; and improvements to traffic turning on and off of FM 1092 and West Airport. A much-debated issue is construction and funding for a three-mile sidewalk from Scanlin Road to Cravens Road. This budget provides for the sidewalk to end at South Main; however, the matter will be under extensive discussion. Of significant public interest are general street and sidewalk repairs which are effectively addressed. All of these Public Works undertakings total an outlay of \$6 million. It would be an oversight not to recognize the improvements the Parks Committee is implementing. The parks are one of the City's prized amenities, and their extensive use is illustrated daily by our citizens.

Information Technology (IT) has been elevated to an area of primary concern. An extensive cable loop, which employs comprehensive infrastructure for communications and the dissemination of data to virtually all City sector facets, is the heart of an aggressive program. Coursing throughout the various City departments is equipment for everything from a telephone system to computers to safety locks which will have a total cost exceeding \$1 million.

One of the most technologically and sophisticated endeavors this City has ever undertaken was the creation and implementation of the Stafford Municipal Educational Television station (SMETV) a couple of decades ago. Its success is recognized as being one of the older and finer municipal television communication systems in the area. By televising City Council,

SMSD, SEDC, and P&Z meetings, as well as many special events, SMETV has broadly attracted Stafford citizens to this excellent communication system. It goes even further than that as it now utilizes the Internet. Besides televising on cable systems, there is high-tech video streaming on the Internet allowing people literally from around the globe to see the telecast from the station - either live or in an archived format. The broadcasts are from the Stafford Campus of the Houston Community College. A new contract, as well as upgraded equipment, will continue the transition from analog to digital. To employ this improved broadcasting will require nearly \$425,000.

Encompassing many important tasks of the City, such as agendas and minutes of meetings, elections, newsletters and notices for the public, the "State of the City" and this "Budget Message", and keeping tabs on the legislature, are under the purview of the General Administration Department having about \$1.4 million in expenditures.

Our Finance Department covers a myriad of beneficial duties, including human resources, accounting and auditing, and both health and property insurance, amazingly accomplished for less than \$350,000. Nothing better illustrates the value of this critical function than the innovative role the department head performed in helping craft this budget.

Many elements of bringing progress to the City are under the auspices of the Building and Zoning Department. Included are zoning permits, property usage, permitted construction, and health standards and inspections for companies involved with food services. In the event the Texas Instruments property proceeds to development in a substantial way, much of the focus on building standards and zoning compliance will be carefully monitored by this department. The price tag: just over \$600,000.

With recognition for sterling service by the public and even independent auditors, the Municipal Court deals with more people than any other department - many of whom are disgruntled - in an exemplary manner and at a cost of just over \$500,000. This is very impressive in view of the extensive and challenging demands encountered.

The SEDC, over its 16 years of existence, has added prominence, recognition, and vitality to the City. While there are many examples, the Stafford Centre and US 90A take center stage. Under new officers, the challenge will be to continue to upgrade the City by utilizing the well-tested incentives which have been extraordinarily effective to entice quality businesses. Extensive expenditures for the Stafford Centre, as well as maintenance of the landscaping on US 90A and US 59, are primary to the components this Corporation supports. Attracting and elevating the strong and diverse economy of the City is a direct charge of the Corporation. The SEDC's strength can best be illustrated not only by accomplishments but, based on this budget, the fund balance of \$9.6 million projected at the conclusion of the next fiscal year which is more than a \$1 million than it is today.

One of the proudest and most heralded components of this City is the Stafford Municipal School District (SMSD). Historians are eager to point out the bitter battles required to gain the right of implementing the only breakaway school district in the nation to be federally sanctioned and then the some 33 years of providing Stafford children with their own school district. As in many previous years, there are fervent debates regarding the educational process at SMSD. Noteworthy this year are three pursuits: elevate academic achievement, expand the diversity of the student body, and employ the best approach for the controversial Limited Open Enrollment

Program. Some say these are all inalterably interrelated. Little doubt remains that these issues will be prominently debated and argued over. There is further little doubt that close tabs will be kept on the success, or lack thereof, of each of these essential aspects. Almost four decades ago, the City created this school district exclusively for Stafford children. Despite this, there are those who would turn it into an entity for students from the expanded community. City resources will be concentrated on encouraging and enticing all Stafford students to attend SMSD, and in doing so, receive the best primary and secondary educational opportunities. When fighting to implement this school district, credibility was imperative. Today, SMSD uses the slogan "BEST LITTLE SCHOOL DISTRICT IN TEXAS". This is grossly inaccurate. SMSD is certainly not small, having an enrollment greater than 75% of the 1,200 plus districts in the state. Many of these 900 smaller districts have sterling and exemplary academic and extracurricular achievements to which SMSD can currently only aspire. Those who fought so hard for this district want it to be extolled but do not want its credibility demeaned by a completely inaccurate representation.

Constructed in 1986, the Stafford Civic Center is a premier, multi-use building widely recognized and utilized for a broad array of events and activities. In fact, for a decade-and-a-half it was largely regarded as the best venue in Fort Bend County to host an event. One of its main functions throughout its nearly three decades of service has been to serve as the SMSD auditorium, which it has done successfully. While numerous substantive upgrades have been made to the Civic Center during its existence, a new and elevated air-conditioning system is planned for installation this year. This will insure the venue remains respected, appreciated, utilized, and admired.

It's only fitting that a companion piece to the Civic Center on the municipal complex is our Municipal Pool. Built in 1984, it remains as one of the most used recreational venues in the area. Initially, it was heralded for being Olympic size and excellent for competitive events. More than 30 years later, it still holds that distinction. Numerous additions and refinements have been made. Some proposed for the coming year are a sound system and outdoor speakers, new tables and chairs, a tarp and reels, a lightning detector, and an NOAA weather radio. Besides having many outstanding swim teams and special event groups that come from around the area, the Pool provides something virtually unknown to most school districts in the state: swimming lessons every year for SMSD second- and fourth-graders. And to think that many cities (all with property taxes) have literally filled their municipal pools with concrete because they could not afford the operational cost required.

After celebrating its 10-year anniversary with a wide array of well-attended events, the Stafford Centre, often referred to as the "gem" of the City, now has an added attraction: a state-of-the-art video system for recording and broadcasting a myriad of activities. Headliners such as Willie Nelson, Steve Martin, Kevin Costner, and Olivia Newton-John are on a stellar list of widely-recognized performers that confirms the Stafford Centre's attraction credibility. Further confirming its allure are the more than the three million people who have come here to be entertained. Three-quarters of a million dollars are proposed in improvements to enhance and embellish the Centre. This is necessary for the many challenges the Centre will encounter from neighboring communities erecting outstanding venues. The grand idea the City had in 2000 to build this unique and outstanding performing arts theatre and convention centre complex has attracted so much attention, and

envy, from those around us that they, spurred on by their citizens, have felt compelled to get in the game.

While there are still those who cast aspersions at the City's financial status and its zero property tax/no debt "model", the simple fact is that, between the City and SEDC, it has and will continue to have over \$31 million in cash. Many cities of our size are restricted from having such a strong cash balance when supported by property taxes. Our healthy cash balance is quite impressive to the rating agencies of Moody's Investor Services and Standard & Poor's Ratings Services. At least as important is the availability of funds in the event of a disaster, considering we are in the middle of hurricane season; and, outside terrorist attacks have never been a bigger threat. And the elimination of General Obligation Debt last year still has many wondering in amazement. Stafford can take pride and comfort in this enduring fiscal status.

CONCLUSION

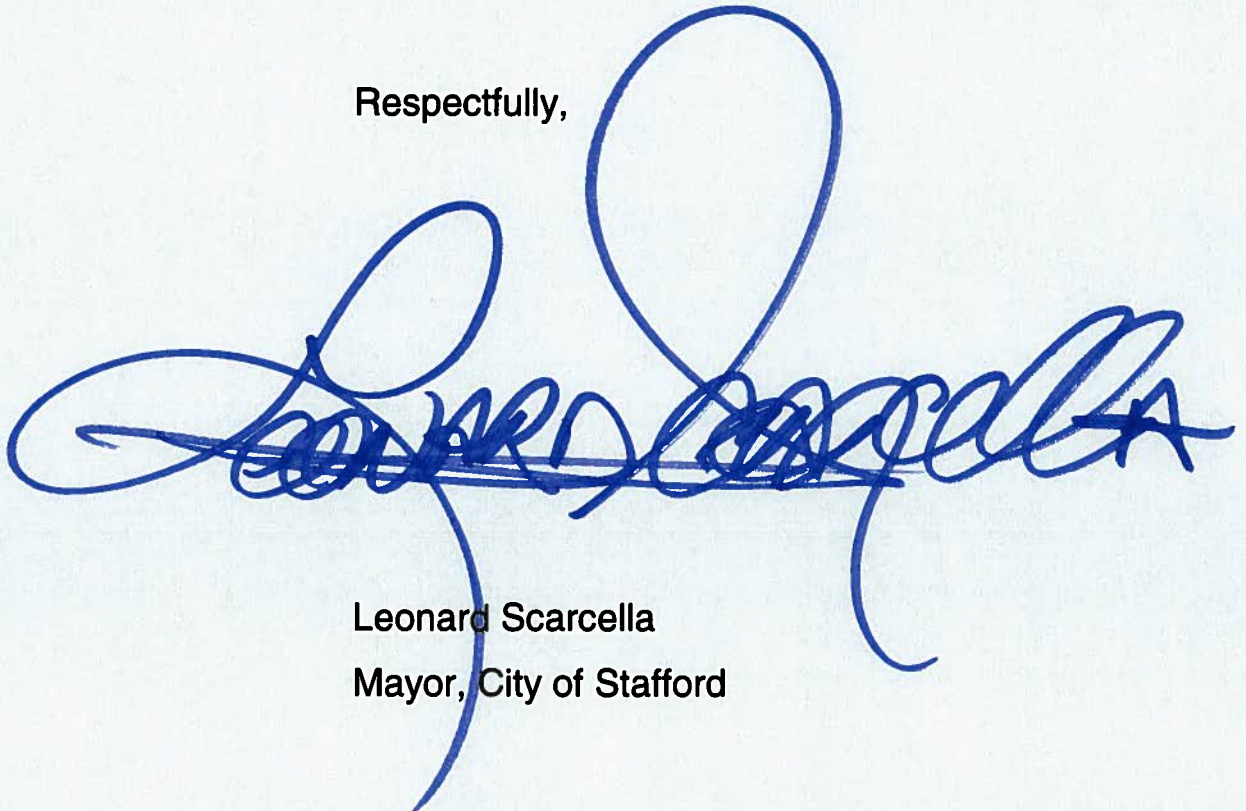
In spite of the ongoing clamoring by some that Stafford should abandon the zero property tax rate and become immersed in debt, this budget once more illustrates the advantages of not adhering to a flawed philosophy but continuing to strengthen this applauded status by living within its means. There is little doubt that the challenges to generate additional resources will be constant. There is also no doubt that a well-conceived and assertive program to entice desirable businesses, residents, and qualified workers to Stafford will lend even more credence to the recently-announced achievement as being the "Third Best Place to Start a Business in Texas".

As Henry Kissinger would say, "The follow the herd crowd is always going to be frustrated." It is gratifying that someone as esteemed as this former Secretary of State of the U.S.A. long ago realized and expounded upon the fallacy in those who just want to be like everybody else.

This City has long professed a postulate that just because there is a dollar in the budget it shall not be spent unless it is necessary. Nothing rings truer or is more beneficial today. Irrespective of its merit, this is in significant contrast to the mentality of the great majority of all governmental entities.

Stafford should take great pride that it is not simply a go-along-to-get-along City and has admirers far and wide who fervently advocate our lofty status.

Respectfully,

A large, stylized handwritten signature in blue ink, likely belonging to Leonard Scarcella, is written over a horizontal line. The signature is highly cursive and loops around the line.

Leonard Scarcella
Mayor, City of Stafford